

Statement of Tim Douglas, Director

Washington Department of Community, Trade and Economic Development  
for the  
Business Council for Sustainable Energy  
Seminar on  
Business, Government, and the Global Climate  
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I'm very disappointed that I can't join you today for what promises to be a lively discussion about how we can turn an environmental challenge into an economic opportunity. Governor Locke has scheduled an all-day cabinet retreat today, and I'm afraid it's one of those things where they really notice when you're absent. I suppose you could say that I, even more than former Labor Secretary Robert Reich, will be "Locked in the Cabinet" all day.

But I'm very pleased that you are gathering in Seattle today, and I look forward to hearing about your progress on this enormously important issue. And I'm especially pleased that you've chosen an economically forward-looking approach to this subject, because that kind of approach is most likely to yield timely and effective solutions. If our society has been reluctant to adopt policy responses to climate change, that reluctance is in large part a product of fear: fear that we don't know how to solve the problem; fear that reducing our emissions of greenhouse gases will cause economic hardships; fear that if we respond to climate change unilaterally, we will bear the costs without really solving the problem.

These fears are understandable, but I'm confident we can overcome them.

- We *do* know how to meet our energy needs while reducing our carbon emissions: by squeezing more work out of existing energy supplies through energy efficiency upgrades to our homes and businesses; by increasing the efficiency of production at our energy facilities; by tapping our rich endowment of renewable resources; and by managing growth to promote movement of information and services while reducing vehicle-miles traveled.
- We *do* know how to supply all the energy services that a healthy, growing economy needs without increasing our production of greenhouse gases. Indeed, our energy efficiency investments over the past 15 years have yielded enormous gains in productivity and prevented substantial environmental damage, while *reducing* the cost of energy service to consumers. Our energy codes are one among many examples of how we can reduce the cost of running a comfortable home or an efficient business while reducing greenhouse gas emissions.
- And, although effective climate change strategies must ultimately be national and global in scope, we *do* know how to "act locally" in ways that contribute to larger solutions without imposing competitive disadvantages on our local economies. Investments in energy efficiency not only cost less than new energy supplies, they also plug holes through which financial resources leave our communities and our state. Dollars invested in efficiency and domestic energy sources circulate through

our communities and generate more economic activity than dollars exported for wasted energy.

Yes, climate change is a formidable challenge. By U.S. standards, our emissions of greenhouse gases in Washington State are relatively low, but they are growing rapidly. And yet we know that many of the most promising solutions will make a positive contribution not just to the global climate stabilization effort, but to our own economic and environmental goals. Reducing congestion; minimizing the need for costly new energy facilities; growing the domestic and international markets for our renewable resource and energy efficiency technologies; making our homes and businesses more comfortable, efficient, and competitive; managing growth to promote efficiency and livability — all of these initiatives would be exciting and important even if climate change weren't an issue. The fact that they help us respond to one of the most pressing environmental challenges of our lifetimes is icing on the cake.

We are optimistic about the prospects for economically productive responses to climate change in Washington State for many reasons:

- Renewable energy is nothing new to Washington. Our power system is the nation's least costly and most reliable precisely because of our historical reliance on a renewable resource. And while that resource carries environmental liabilities of its own, we remain confident that, with strong measures to protect fish, our existing renewable resource base will continue to provide affordable and emission-free energy for decades to come.
- In addition to our hydropower base, we have a rich endowment of other renewables including solar, wind, geothermal, and biomass resources. With continuing advances in technology and cost declines, we expect these resources to contribute substantially to meeting Washington's energy needs. Indeed, in many applications, these technologies are cost-effective today. We also see significant opportunities for business development to meet the growing international demand for renewable technologies. (On average over the next thirty years, annual energy sector investment by developing and transition countries is projected to top \$125 billion, more than twice the expected investment from OECD countries.)
- We have a proud history of achievement in the area of energy efficiency. Our efficiency investments substantially reduce our energy bill. Region-wide, cost-effective efficiency measures over the past fifteen years have saved enough electrical energy to power a city the size of Seattle at roughly half the cost of the power that would have been needed without those measures. Notwithstanding the pressures of power industry restructuring, we remain committed to squeezing all the cost-effective efficiencies we can out of our existing energy supplies.
- Because of our location and our policy commitment, we have uniquely favorable access to many of the world markets where greenhouse gas emissions are rising most rapidly and where demand for renewable and efficiency technologies may be strongest.

- Because of our experience with efficiency and renewables, we have a substantial base of knowledge and commercial activity in Washington State that can be expanded to meet growing demand for climate-friendly technologies.

But perhaps most importantly, we in Washington have an abiding commitment to the proposition that economic development and environmental protection go hand-in-hand. This state's commitment to a healthy environment is not an economic liability; on the contrary, it is among our most productive economic assets. Our natural resources — and particularly our renewable energy resources — are one of the foundations of our economic strength. Efforts to protect those resources are not at odds with our economic aspirations; on the contrary, they affirm our long-term commitment to those aspirations. Our incredibly rich endowment of natural treasures is also a source of pride, rejuvenation, and inspiration that attracts talent and investment to this region in droves. Perhaps more than any other part of the world, Washington's success is testimony to the proposition that good economic policy and good environmental policy converge.

Nowhere has that convergence been demonstrated more powerfully than in the energy field, where we measure the returns on our investments in energy efficiency and renewable energy in both dollars and more lasting currencies such as healthy air. And so it's fitting that we now turn to the energy industry to respond to our next great environmental challenge: climate change.

With the help of the people assembled here, Washington is well-positioned to help lead the way toward an economically promising response to climate change. I look forward to working with you in the future on that enormous and exciting challenge.